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Bude
storing the first license in first digital audio content; and
authorizing playback of the first digital audio content with the first set of playback
devices.

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11. (Twice Amended) A machine-readable medium having stored thereon
sequences of instructions that when executed [by one or more processors cause] one or
more electronic systems to:

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create a first license with a license management device, the first license having a
first cardinality;

store the first license in a first set of playback devices in response to a command
from the license management device, wherein the first set of playback devices is
determined based, at least in part, on the first cardinality;

store the first license in first digital audio content; and

authorize playback of the first digital audio content with the first set of playback
devices.

REMARKS

Applicants respectfully request reconsideration of the present U.S. Patent
application. Claim 1 has been amended. No claims have been added or canceled. Thus,
claims 1-8, 10-18 and 20-30 are pending.

Claim Rejections - 35 U.S.C. § 102

Claims 1, 2, 4-8, 10-12, 14-18 and 20-22 were rejected under 35 U.S.C. § 102(b)
as being anticipated by U.S. Patent No. 5,629,980 issued to Stefik, et al. (*Stefik*). For at

least the reasons set forth below, Applicants submit that claims 1, 2, 4-8, 10-12, 14-18 and 20-22 are not anticipated by *Stefik*.

Claim 1 recites the following:

creating a first license having a first cardinality, the license created by a license management device;
storing the first license in a first set of playback devices in response to a command from the license management device, wherein the first set of playback devices is determined based, at least in part, on the first cardinality;
storing the first license in first digital audio content; and
authorizing playback of the first digital audio content with the first set of playback devices.

Thus, Applicants claim creating a license. Storing the license in a playback device and authorizing playback based on the license(s) held by the playback device. Claim 11 is directed to a machine-readable medium and recites similar limitations. Claim 21 also recites similar limitations.

Stefik discloses associating usage rights with the digital content, not the playback device. *Stefik* states:

A key feature of the present invention is that **usage rights are permanently “attached” to the digital work**. Copies made of a digital work will also have usage rights attached.

See col. 6, lines 51-53 (emphasis added). Thus, licenses, as disclosed by *Stefik*, are not stored or associated with a set of playback devices. Therefore, *Stefik* does not anticipate the invention as claimed in claim 1.

Claims 2, 4-8 and 10 depend from claim 1. Claims 12, 14-18 and 20 depend from claim 11. Claim 22 depends from claim 21. Because dependent claims include the limitations of the claims from which they depend, Applicants submit that claims 2, 4-8,

10, 12, 14-18, 20 and 22 are not anticipated by *Stefik* for at least the reasons set forth above with respect to claims 1, 11 and 21.

Claims 24 and 28-30 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 5,969,283 issued to Looney, et al. (*Looney*). For at least the reasons set forth below, Applicants submit that claims 24 and 28-30 are not anticipated by *Looney*.

Claim 24 recites the following:

the digital data signal comprising license having a first cardinality, the license having been created by a license management device, the digital data signal further comprising a first digital audio content that is at least a subset of the digital audio programming, wherein a set of playback devices receive the digital data signal and authorize playback of the first digital audio signal if the license included in the computer data signal matches at least one license stored in the respective playback devices.

Thus, Applicants claim a digital data signal having audio content having a license that is played by a playback device if the playback device includes a license matching the license in the audio content. Claims 28-30 depend from claim 24.

Looney discloses a music organizer that is capable of compressing digital data representing audio programming. See col. 7, lines 27-30. However, *Looney* does not teach or suggest one or more licenses stored in a playback device and one or more licenses stored in a digital content file, where playback is authorized if one of the playback licenses matches one of the audio content licenses. Therefore, *Looney* does not anticipate the invention as claimed in claims 24 and 28-30.

Claim Rejections - 35 U.S.C. § 103

Claims 3, 13 and 23 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Stefik* in view of U.S. Patent No. 5,745,879 issued to Wyman (*Wyman*). For at least the reasons set forth below, Applicants submit that claims 3, 13 and 23 are not rendered obvious by *Stefik* and *Wyman*.

Wyman is cited to teach different nodes belonging to different accounts. See page 4, comment 17 of March 28, 2000 Office Action. However, *Wyman* does not teach or suggest a license stored in a playback device and a license stored in digital audio content that authorized playback when the licenses match. Therefore, *Wyman* does not cure the deficiencies of *Stefik*. Thus, combination of *Stefik* and *Wyman* does not render claims 3, 13 and 23 obvious.

Claims 25-27 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Looney* in view of *Wyman*. For at least the reasons set forth below, Applicants submit that claims 25-27 are not obvious in view of *Looney* and *Wyman*. *Wyman* is cited to teach flexibility in licensing parts or features of software. See page 5, comment 19 of the March 28, 2000 Office Action. However, *Wyman* does not teach or suggest a license stored in a playback device and a license stored in digital audio content that authorized playback when the licenses match. Therefore, *Wyman* does not cure the deficiencies of *Looney*. Thus, combination of *Looney* and *Wyman* does not render claims 25-27 obvious.

Conclusion

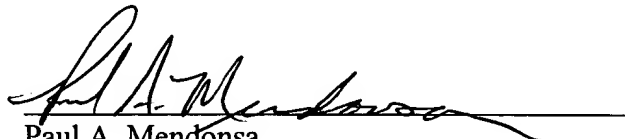
For at least the foregoing reasons, Applicants submit that the rejections have been overcome. Therefore, claims 1-8, 10-18 and 20-30 are in condition for allowance and

such action is earnestly solicited. The Examiner is respectfully requested to contact the undersigned by telephone if it is believed that such contact would further the examination of the present application.

Please charge any shortages and credit any overcharges to our Deposit Account number 02-2666.

Respectfully submitted,
BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN, LLP

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Paul A. Mendonsa
Attorney for Applicant
Reg. No. 42,879

12400 Wilshire Boulevard
Seventh Floor
Los Angeles, CA 90025-1026
(503) 684-6200